



GENERAL ASSEMBLY

COMMONWEALTH OF KENTUCKY

2014 REGULAR SESSION

SENATE BILL NO. 122

TUESDAY, MARCH 4, 2014

The following bill was reported to the House from the Senate and ordered to be printed.

RECEIVED AND FILED
DATE April 7, 2014
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ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY L. Allen

1 AN ACT relating to reorganization.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 131.020 is amended to read as follows:

4 (1) The Department of Revenue, headed by a commissioner appointed by the secretary
5 with the approval of the Governor, shall be organized into the following functional
6 units:

7 (a) Office of the Commissioner of the Department of Revenue, which shall
8 consist of:

9 1. The Division of Special Investigations, headed by a division director
10 who shall report to the commissioner. The division shall investigate
11 alleged violations of the tax laws and recommend criminal prosecution
12 of the laws as warranted; and

13 2. The taxpayer ombudsman, who shall perform those duties set out in
14 KRS 131.083;

15 ~~(b) [Division of Legislative Services, headed by a division director who shall~~
16 ~~report to the commissioner of the Department of Revenue. The division shall~~
17 ~~perform such duties as providing support to the commissioner's office;~~
18 ~~managing the department's legislative efforts, including developing and~~
19 ~~drafting proposed tax legislation, coordinating review of proposed legislation,~~
20 ~~and coordinating development of administrative regulations; providing~~
21 ~~technical support and research assistance to all areas of the department;~~
22 ~~performing studies, surveys, and research projects to assist in policy making~~
23 ~~decisions; and performing various miscellaneous duties, including working on~~
24 ~~special projects and conducting training;~~

25 (e)} Office of Processing and Enforcement, headed by an executive director who
26 shall report directly to the commissioner. The office shall be responsible for
27 processing documents, depositing funds, collecting debt payments, and

1 coordinating, planning, and implementing a data integrity strategy. The office
2 shall consist of the:

- 3 1. Division of Operations, which shall be responsible for opening all tax
4 returns, preparing the returns for data capture, coordinating the data
5 capture process, depositing receipts, maintaining tax data, and assisting
6 other state agencies with similar operational aspects as negotiated
7 between the department and the other agency;
- 8 2. Division of Collections, which shall be responsible for initiating all
9 collection enforcement activity related to due and owing tax
10 assessments, including protest resolution, and for assisting other state
11 agencies with similar collection aspects as negotiated between the
12 department and the other state agency;~~and~~
- 13 3. Division of Registration and Data Integrity, which shall be responsible
14 for registering businesses for tax purposes, ensuring that the data entered
15 into the department's tax systems is accurate and complete, and assisting
16 the taxing areas in proper procedures to ensure the accuracy of the data
17 over time; and

18 4. Division of Protest Resolution, which shall be responsible for ensuring
19 an independent review of tax disputes. The division administers the
20 protest functions for the department from office resolution through
21 court action;

22 ~~(c)(d)~~ Office of Property Valuation. The Office of Property Valuation shall be
23 headed by an executive director who shall report directly to the commissioner.

24 The office shall consist of the:

- 25 1. Division of Local Support, which shall be responsible for providing
26 supervision, assistance, and training to the property valuation
27 administrators and sheriffs within the Commonwealth;

1 2. Division of State Valuation, which shall be responsible for providing
 2 assessments of public service companies and motor vehicles, and
 3 providing assistance to property valuation administrators and sheriffs
 4 with the administration of tangible and omitted property taxes within
 5 the Commonwealth; and

6 3. Division of Minerals Taxation and Geographical Information System
 7 Services, which shall be responsible for providing geographical
 8 information system mapping support, ensuring proper filing of
 9 severance tax returns, ensuring consistency of unmined coal
 10 assessments, and gathering and providing data to properly assess
 11 minerals to the property valuation administrators within the
 12 Commonwealth. ~~The functions and duties of the office shall include:~~

- 13 1. ~~Mapping;~~
- 14 2. ~~Providing assistance to property valuation administrators;~~
- 15 3. ~~Supervising the property valuation process throughout the~~
 16 ~~Commonwealth;~~
- 17 4. ~~Valuing the property of public service companies;~~
- 18 5. ~~Valuing unmined coal and other mineral resources;~~
- 19 6. ~~Administering personal property taxes;~~
- 20 7. ~~Collecting delinquent taxes;~~
- 21 8. ~~Overseeing the real property tax assessment and collection process~~
 22 ~~throughout the state in each county's property valuation administrator's~~
 23 ~~and sheriff's office;~~
- 24 9. ~~Administering all state-assessed taxes, including public service property~~
 25 ~~tax, motor vehicle property tax, and the tangible and intangible tax~~
 26 ~~program; and~~
- 27 10. ~~Administering the severance tax and unmined minerals property tax~~

1 ~~programs and coordinate the department's geographical information~~
 2 ~~system (GIS));~~

3 ~~(d)~~~~(e)~~ Office of Sales and Excise Taxes, headed by an executive director who
 4 shall report directly to the commissioner. The office shall administer all
 5 matters relating to sales and use taxes and miscellaneous excise taxes,
 6 including but not limited to technical tax research, compliance, taxpayer
 7 assistance, tax-specific training, and publications. The office shall consist of
 8 the:

- 9 1. Division of Sales and Use Tax, which shall administer the sales and use
 10 tax; and
- 11 2. Division of Miscellaneous Taxes, which shall administer various other
 12 taxes, including but not limited to alcoholic beverage taxes; cigarette
 13 enforcement fees, stamps, meters, and taxes; gasoline tax; bank
 14 franchise tax; inheritance and estate tax; insurance premiums and
 15 insurance surcharge taxes; motor vehicle tire fees and usage taxes; and
 16 special fuels taxes;

17 ~~(e)~~~~(f)~~ Office of Income Taxation, headed by an executive director who shall
 18 report directly to the commissioner. The office shall administer all matters
 19 related to income and corporation license taxes, including technical tax
 20 research, compliance, taxpayer assistance, tax-specific training, and
 21 publications. The office shall consist of the:

- 22 1. Division of Individual Income Tax, which shall administer the following
 23 taxes or returns: individual income, fiduciary, and employer
 24 withholding; and
- 25 2. Division of Corporation Tax, which shall administer the corporation
 26 income tax, corporation license tax, pass-through entity withholding,
 27 and pass-through entity reporting requirements; and

1 ~~(2)(g)~~ Office of Field Operations, headed by an executive director who shall
 2 report directly to the commissioner. The office shall manage the regional
 3 taxpayer service centers and the field audit program.

4 (2) The functions and duties of the department shall include conducting conferences,
 5 administering taxpayer protests, and settling tax controversies on a fair and
 6 equitable basis, taking into consideration the hazards of litigation to the
 7 Commonwealth of Kentucky and the taxpayer. The mission of the department shall
 8 be to afford an opportunity for taxpayers to have an independent informal review of
 9 the determinations of the audit functions of the department, and to attempt to fairly
 10 and equitably resolve tax controversies at the administrative level.

11 (3) The department shall maintain an accounting structure for the one hundred twenty
 12 (120) property valuation administrators' offices across the Commonwealth in order
 13 to facilitate use of the state payroll system and the budgeting process.

14 (4) Except as provided in KRS 131.190(4), the department shall fully cooperate with
 15 and make tax information available as prescribed under KRS 131.190(2) to the
 16 Governor's Office for Economic Analysis as necessary for the office to perform the
 17 tax administration function established in KRS 42.410.

18 (5) Executive directors and division directors established under this section shall be
 19 appointed by the secretary with the approval of the Governor.

20 ➔Section 2. In order to reflect the reorganization effectuated by this Act, the
 21 reviser of statutes shall replace references in the Kentucky Revised Statutes to the
 22 agencies, subagencies, and officers affected by this Act with references to the appropriate
 23 successor agencies, subagencies, and officers established by this Act. The reviser of
 24 statutes shall base these actions on the functions assigned to the new entities in this Act
 25 and may consult with officers of the affected agencies, or their designees, to receive
 26 suggestions.

27 ➔Section 3. The General Assembly confirms Executive Order 2013-806 dated

1 November 4, 2013, to the extent it is not otherwise confirmed or superseded by this Act.

Katie Kratz Stine
President of Senate

Greg O. St. L
Speaker-House of Representatives

Attest:

Quentin Holby
Chief Clerk of Senate

Approved

Alan J. Bock
Governor

Date

4-7-14